

### **Water Recycling Working Group**

Presently, as a result of steeply discounted pricing to end-users of non-potable recycled water the system is not economically sustainable and is subsidized by potable water rate payers.

The subsidizing of a small group of non-potable recycled water users by the potable water rate payers is most likely not a long term sustainable practice. A public/private partnership whereas the City is the manufacturer and wholesaler of the non-potable recycled water and partners with a private company to distribute the recycled water and act as the retailer may allow for both the wholesaler and retailer to provide non-potable recycled water at a price that covers their costs, while still pricing it below the potable water rate so that there will continue to be a demand for it.

Another future option to the City to improve the economic sustainability of their recycled water system is to consider the option of abandoning the non-potable recycled water system once the City has the regulatory approvals and capability to implement indirect potable or direct potable reuse. Once the City can begin delivering advanced treated recycled water into the raw water potable system, it may be more economically advantageous for the City to treat all recycled for potable reuse unless non-potable water rate can be increased to a rate that reflects the level of treatment and delivery costs.

### **Recommendations:**

- 1. The City investigate opportunities for a public/private partnership that would allow the City to decouple the production of non-potable recycled water with the delivery of the recycled water to the end-user.**
- 2. The City conduct a cost/benefit analysis of the non-potable recycled water system once the City can implement indirect potable or direct potable reuse.**